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Korea, Republic of

Livestock and Products

Annual

2007

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Report Highlights:
Imports of U.S. beef into Korea began in earnest in July, only to face a quarantine inspection suspension in August. Despite all the starts and stops, it is expected that Korea will import approximately 30,000 tons of U.S. boneless beef this year bringing total imports to 280,000 tons. Imports of pork and pork products in 2008 are expected to decrease by about 50,000 tons in 2008. Increase in beef imports and consumption will drive the drop in pork imports.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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SECTION I. BEEF AND CATTLE SITUATION AND OUTLOOK

Imports of U.S. beef into Korea began in earnest in July, only to face a quarantine inspection suspension in August. Despite all the starts and stops, it is expected that Korea will import approximately 30,000 tons of U.S. boneless beef this year bringing total imports to 280,000 tons. Imports from Australia and New Zealand are expected to remain steady for the remainder of this year.

In 2008, boneless beef imports from the United States are forecast to grow slightly as U.S. exporters and importers begin to understand the Korean inspection system. As there is currently no protocol for bone-in beef, imports of this product were not factored into the forecast. However, according to the Hankyoreh Shinmun, a local Korean newspaper, "U.S. beef exporters are expected to further grab the South Korean market as the South Korean government is likely to allow the United States to sell bone-in beef, following negotiations to amend quarantine regulations between the two governments. Currently, South Korea and the United States are negotiating to revise the quarantine regulations, with the negotiations in stage five. The two countries must go through a total of eight stages in assessing the risk of amending such conditions" (27 Sep 2007).

There are now 18 Korean retailers selling U.S. beef including major discount stores, such as E-Mart, Lotte Mart, Homeplus, and Homever. Lotte Mart was the first major retailer to begin selling U.S. beef on July 13. They were greeted by strong resistance from domestic farmers and civic groups; however, Korean consumers were eager to purchase the high quality and low priced U.S. beef.

A. Production

The National Agricultural Cooperative Federation (NACF) or Nonghyup stated on September 14 that the price of Korean beef cattle, called Hanwoo, has dropped to record lows. The on-site price of a female calf was around 2.05 million won ($2,200), down 26.5 percent from the 2.79 million won it was receiving around the end of last year (Korea Times, 26 Sep 2007). Hanwoo cattle farmers have enjoyed high prices while U.S. beef was banned. They gradually increased their herd size to capture the higher prices.

However, as the volume of U.S. beef continues to grow in 2008, it is anticipated that Hanwoo prices will drop and that farmers will begin reducing their herd sizes leading to an increase in the slaughter of domestic cattle. Hanwoo beef consumption will not drop significantly as there will always be a portion of the Korean population that will continue to purchase domestic beef. In addition, the increased inventory in 2008 is due to the fact that it takes about two years for the domestic industry to shift to the market situation. Traditionally, Korean producers do not slaughter cattle until they reach 24-28 months. It is forecast that the domestic inventory will show declines in 2009.

B. Consumption

Per capita beef consumption marked its lowest level in 2005 at 6.7 kg/person before turning upwards and marking 6.8 kg/person in 2006. The availability of high quality U.S. beef in the latter half of 2007 will help boost the consumption of beef in Korea. The change in the direction of the per capita beef consumption in 2006 is a very meaningful factor, as it is the first time that per capita beef consumption has begun to grow after the 2003 BSE ban. It may be too early to conclude that the fear over BSE among consumers has diminished, but at the least, it can be seen as an indication that Korea has reached the bottom and the only thing left is to increase consumption.

Korea: Per Capita Consumption of Livestock Products

(Unit: Kilogram, boneless basis)

Year	Total Meat	Beef	Pork	Chicken	Egg
1995	27.5	6.7	14.8	6.0	10.1
1997	29.3	7.9	15.3	6.1	10.4
1999	30.6	8.4	16.1	6.1	9.9
2000	32.0	8.5	16.5	7.0	10.3
2001	32.2	8.1	16.8	7.3	11.1
2002	33.5	8.5	17.0	8.0	11.3
2003	33.3	8.1	17.3	7.9	10.5
2004	31.3	6.8	17.9	6.6	10.6
2005	31.7	6.7	17.4	7.6	10.8
2006[1]	33.1	6.8	18.3	8.0	11.0

1/ Final figures for 2006 are not yet available.
Source: National Agricultural Cooperatives Federation, Korea Rural Economic Institute, Ministry of Agriculture & Forestry

The consumption of pork and poultry, which increased significantly in the past few years as people lost access to U.S. beef, is expected to decline.

Lotte Mart was the first Korean retailer to begin selling U.S. beef at its 53 stores and although sales were strong, local interest groups strongly protested stopping sales in six locations. Although Lotte Mart has seen some problems, other businesses have been more motivated to follow as the grocer saw its meat sales go up three to four times since selling U.S. beef cuts (Korea Times, 17 Jul 2007).

Korea has the most expensive beef among 34 surveyed countries, according to the National Statistical Office. Korean beef is considered high quality beef, but it has not been easily accessible to ordinary citizens because of the high prices. U.S. beef is 50 percent less expensive that Korean Hanwoo beef and 20 percent less expensive than Australian beef (Korea Times, 16 July 2007).

C. Trade

Korea banned imports of U.S. beef in December 2003, after the detection of a positive case of Bovine Spongiform Encephalopathy (BSE) in Washington State. Prior to the ban, Korea was the third largest export market for U.S. beef, beef products and other ruminants, with annual exports valued at $1.3 billion in 2003. In January 2006, Korea and the United States reached an agreement on an import protocol that was limited to deboned skeletal muscle meat. An audit was conducted of all 36 plants eligible to export by the Korean quarantine authorities and the market was theoretically opened in September 2006.

After three successive shipments in November/December 2006, each one rejected due to bone fragments findings; Korea published slightly less onerous inspection procedures in March 2007. The new procedures indicated that all shipments will be 100% inspected with x-ray machines, but that rejections will only be limited to the box and not the entire shipment. These new inspection procedures although still not completely transparent; enticed U.S. exporters to begin shipping boneless U.S. beef.

In May 2007, the World Organization for Animal Health (OIE) classified the United States as a controlled risk for BSE. The OIE BSE Chapter defines trade conditions for any country based on its risk status designation. Controlled risk countries can trade live cattle, all meat and meat products, including bone-in beef, offals, and processed products, from animals of all ages.

Accordingly, the U.S. Government requested Korea to begin negotiations on revising their import health protocol for U.S. beef. Korea has told us that they will sincerely deal with the negotiations for revising the import health protocol, respecting the recommendation of the OIE. As for the procedures needed for this revision, they have stated that they shall complete it within a reasonable time period.

On August 1, 2007, Korea imposed a quarantine inspection suspension on U.S. beef due to a vertebral column finding. The United States responded to this incident by providing Korea with an investigative report and measures to prevent reoccurrence. If an SRM is found, Korea plans to reject the whole shipment, delist the plant and suspend quarantine inspection until a new health protocol becomes effective. MAF has stated publicly that they will continue working on the risk assessment for a new protocol.

D. Policy

Some of the major domestic policies that the Korean government is implementing to provide support to the domestic cattle industry are as follows:

1. Beef traceability program: The Korean government has been undergoing a trial program to introduce the beef traceability program since October 2004. The trial program was focused in some of the branded beef companies and certain regions. However, the Ministry of Agriculture & Forestry (MAF) will spend a total of 4.2 billion won in 2007 in order to have a traceability system for 650,000 head of Hanwoo beef cattle and dairy steers. In 2008, MAF plans to increase the budget for this program to 11.6 billion won in 2006 so that the full program can be implemented during the second half of 2008 for all cattle raised in Korea.

2. Program for Stabilization of Calf Production: In order to address the concern among domestic beef cattle producers, due to the KORUS FTA and U.S. beef imports, MAF raised the targeted calf stabilization price from 1.3 million won to 1.55 million won per head (US$ 1,685). When calf prices fall below the targeted price, the government will subsidy up to 20 percent of the targeted price, i.e., 300,000 won per head. The government also plans to provide direct support to cattle farms if further damage occurs after the implementation of the KORUS FTA.

3. Branded beef program: The number of brands selected under this program as of end of 2006 was 49 brands (Cattle 29, swine 20). It plans to increase the number of brands to 80 brands by 2013. In order to accomplish this plan, it has budgeted 93.2 billion won up to 2008 and plans to increase this to 120 billion won from 2009. MAF also plans to construct a “Brand town” where consumers can have access to branded beef.

4. Country of origin labeling in restaurants. Under the current regulation, restaurants that are larger than 300 square meters are subject to label the country-of-origin of meat that it is selling at the restaurant on its menus. However, the government is in the process of enlarging this program to restaurants that are larger than 100 square meters in size.

SECTION II. STATISTICAL TABLES FOR BEEF AND CATTLE

PS&D for Cattle

PSD Table									
Country	Korea, Republic of								
Commodity	Animal Numbers, Cattle						(1000 HEAD)(PERCENT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Total Cattle Beg. Stks	2298	2298	2298	2484	2484	2484	2722	2722	2600
Dairy Cows Beg. Stocks	274	274	274	266	266	266	0	0	257
Beef Cows Beg. Stocks	675	675	675	762	762	762	0	0	800
Production (Calf Crop)	818	818	818	880	880	880	0	0	820
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	3	3	3	3	3	1	0	0	1
Total Imports	3	3	3	3	3	1	0	0	1
Total Supply	3119	3119	3119	3367	3367	3365	2722	2722	3421
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0	0	0	0
Cow Slaughter	273	273	273	280	280	325	0	0	330
Calf Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	357	357	357	360	360	435	0	0	440
Total Slaughter	630	630	630	640	640	760	0	0	770
Loss	5	5	5	5	5	5	0	0	5
Ending Inventories	2484	2484	2484	2722	2722	2600	0	0	2646
Total Distribution	3119	3119	3119	3367	3367	3365	0	0	3421
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0

PS&D for Beef

PSD Table									
Country	Korea, Republic of								
Commodity	Meat, Beef and Veal					(1000 HEAD)(1000 MT CWE)(			
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Slaughter (Reference)	630	630	630	640	640	760	0	0	770
Beginning Stocks	3	3	3	5	5	5	5	5	17
Production	200	200	200	205	205	240	0	0	245
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	290	260	260	295	265	280	0	0	300
Total Imports	290	260	260	295	265	280	0	0	300
Total Supply	493	463	463	505	475	520	5	5	562
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0	0	0	0
Human Dom. Consumpti	488	458	458	500	470	503	0	0	550
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumptior	488	458	458	500	470	503	0	0	550
Ending Stocks	5	5	5	5	5	17	0	0	12
Total Distribution	493	463	463	505	475	520	0	0	562
CY Imp. from U.S.	1	0	0	10	20	30	0	0	60
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0

Korea: Beef Imports (Annual 2006, First Seven Months of 2006 and 2007)

(Unit: Metric tons and $000)

Country	Annual 2006		Jan. – Jul., 2006		Jan. – Jul., 2007	
	Volume	Value	Volume	Value	Volume	Value
U.S.A.	0	0	0	0	3,677	25,443
Australia	162,784	624,272	82,975	303,435	88,466	381,491
New Zealand	44,506	150,568	28,794	95,899	27,809	103,248
Mexico	5,478	17,585	3,627	10,856	2,473	9,491
Canada	0	0	0	0	0	0
Others	13	46	70	366	13	36
TOTAL	212,781	792,471	115,466	410,556	122,438	519,709

Source: Korea Customs Service, Office of Ag. Affairs
Product Weight Equivalent

Korea: Processed Beef Imports (Annual 2006, First Seven Months of 2006 and 2007)

(Unit: Metric tons and $000)

Country	Annual 2006		Jan. – Jul., 2006		Jan. – Jul., 2007	
	Volume	Value	Volume	Value	Volume	Value
U.S.A.	0	0	0	0	0	0
Uruguay	70	241	3	18	141	253
New Zealand	4	93	0	0	22	448
Philippines	14	24	8	14	12	27
Australia	5	89	3	51	10	117
Argentina	13	50	1	4	0	0
Mongolia	13	9	13	9	0	0
PRC	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Other	1	0	1	0	0	0
TOTAL	120	506	29	96	185	845

Source: Korea Customs Service, Office of Ag. Affairs
Product Weight Equivalent (HS 021020 and 160250)

Korea: Processed Beef Exports: Exports of processed beef products were minimal. Korea exported a total of 24 MT in 2006, compared to 30 MT in 2005. Exports during the first seven months of 2007 was 6.5 MT.

Korea: Cattle Slaughter Trend

Month	Total	Cows	Steers
	(Heads Slaughtered)		
Total 1997	1,125,281	573,954	551,327
Total 1998	1,282,290	643,266	639,024
Total 1999	1,096,207	614,325	481,882
Total 2000	997,331	547,745	449,586
Total 2001	729,245	369,039	360,206
Total 2002	633,024	313,466	319,558
Total 2003	583,799	268,986	314,813
Total 2004	574,426	254,761	319,665
Total 2005	612,431	258,091	354,340
Total 2006	630,457	273,453	357,004
January, 2006	83,900	32,919	50,981
February, 2006	36,085	16,116	19,969
March, 2006	47,194	20,395	26,799
April, 2006	44,958	19,493	25,465
May, 2006	48,254	20,631	27,623
June, 2006	46,116	19,999	26,117
July, 2006	44,417	20,738	23,679
August, 2006	47,669	22,055	25,614
September, 2006	83,690	34,977	48,713
October, 2006	43,681	20,306	23,375
November, 2006	50,930	22,557	28,373
December, 2006	53,563	23,267	30,296
January, 2007	62,784	25,840	36,944
February, 2007	71,452	29,824	41,628
March, 2007	45,216	19,712	25,504
April, 2007	48,971	21,995	26,976
May, 2007	52,049	22,613	29,436
June, 2007	45,510	21,269	24,241
July, 2007	48,348	22,976	25,372
Jan. – Jul., 2007	374,330	164,229	210,101

Source: Ministry of Agriculture & Forestry

Korea: Live Hanwoo Beef Cattle Prices

(Won per head, Exchange rate is US$1=920 won)

Month/Year	Calf		600 Kg.	
	Female	Male	Female	Male *
1999 Average	774,000	1,024,000	2,881,000	2,986,000
2000 Average	1,103,000	1,294,000	3,446,000	3,302,000
2001 Average	1,729,000	1,785,000	4,217,000	3,894,000
2002 Average	2,306,000	2,288,000	5,083,000	4,712,000
2003 Average	3,242,000	2,610,000	5,819,000	4,688,000
2004 Average	3,226,000	2,246,000	5,219,000	4,256,000
2005 Average	3,266,000	2,344,000	5,340,000	4,651,000
2006 Average	2,801,000	2,259,000	5,291,000	4,251,000
January, 2006	2,590,000	2,056,000	5,538,000	4,198,000
February, 2006	2,734,000	2,241,000	5,628,000	4,241,000
March, 2006	2,840,000	2,322,000	5,645,000	4,175,000
April, 2006	3,049,000	2,391,000	5,686,000	4,138,000
May, 2006	2,812,000	2,257,000	5,444,000	3,941,000
June, 2006	2,815,000	2,267,000	5,149,000	3,998,000
July, 2006	2,856,000	2,301,000	5,087,000	4,111,000
August, 2006	2,802,000	2,302,000	5,131,000	4,403,000
September, 2006	2,743,000	2,205,000	4,974,000	4,302,000
October, 2006	2,747,000	2,267,000	5,057,000	4,466,000
November, 2006	2,718,000	2,206,000	5,058,000	4,439,000
December, 2006	2,795,000	2,262,000	5,214,000	4,552,000
January, 2007	2,878,000	2,321,000	5,480,000	4,607,000
February, 2007	2,857,000	2,331,000	5,468,000	4,682,000
March, 2007	2,720,000	2,259,000	5,369,000	4,735,000
April, 2007	2,304,000	2,068,000	4,960,000	4,620,000
May, 2007	2,197,000	2,060,000	4,786,000	4,598,000
June, 2007	2,251,000	2,158,000	4,790,000	4,782,000
July, 2007	2,267,000	2,167,000	4,782,000	4,814,000
August, 2007	2,145,000	2,055,000	4,707,000	4,763,000
Sept. 18, 2007	2,009,000	2,045,000	4,703,000	4,915,000

Source: Ministry of Agriculture & Forestry
National Agricultural Cooperatives Federation

* These are average prices of non-castrated steers, which are very price elastic with respect to demand. Castrated steers are less price elastic with respect to demand but as they go directly to slaughter plants without going through the livestock market, they are not included in these figures. After the New Year, demand for beef, especially beef that is highly price elastic, drops significantly.

Korea: Monthly Beef Import Prices (CIF)

(Unit: Dollars per Metric Ton)

Month	2006	2007
January	3,859	4,272
February	3,627	4,379
March	3,647	4,199
April	3,588	4,359
May	3,454	4,200
June	3,348	3,937
July	3,454	4,357
August	3,676	
September	3,903	
October	3,933	
November	3,903	
December	4,212	

Source: Korea International Trade Association
Note: Prices are average of all cuts, regardless of country of origin, whether chilled/frozen or bone-in or boneless.

Korea: Per Capita Consumption of Livestock Products

(Unit: Kilogram, boneless basis)

Year	Total Meat	Beef	Pork	Chicken	Egg
1995	27.5	6.7	14.8	6.0	10.1
1997	29.3	7.9	15.3	6.1	10.4
1999	30.6	8.4	16.1	6.1	9.9
2000	32.0	8.5	16.5	7.0	10.3
2001	32.2	8.1	16.8	7.3	11.1
2002	33.5	8.5	17.0	8.0	11.3
2003	33.3	8.1	17.3	7.9	10.5
2004	31.3	6.8	17.9	6.6	10.6
2005	31.7	6.7	17.4	7.6	10.8
2006 1/	33.1	6.8	18.3	8.0	11.0

1/ Preliminary
Source: National Agricultural Cooperatives Federation
Korea Rural Economic Institute
Ministry of Agriculture & Forestry

Korea: Hanwoo Cattle Inventory

(1,000 Household, 1,000 Head)

Month / Year	House-hold	Total Stock	By Age			Cow	
			Under 1 year old	1-2 year old	Over 2 year old	1-2 year old	Over 2 year old
Mar., 1998	474	2,762	1,043	580	1,139	300	1,118
Jun., 1998	466	2,750	1,058	588	1,104	305	1,082
Sep., 1998	450	2,633	1,015	585	1,033	306	1,013
Dec., 1998	427	2,383	895	556	932	296	913
Mar., 1999	413	2,198	812	503	883	276	862
Jun., 1999	399	2,167	801	512	854	280	834
Sep., 1999	372	2,094	758	520	816	272	794
Dec., 1999	350	1,952	717	489	746	256	726
Mar., 2000	336	1,819	646	461	712	239	690
Jun., 2000	326	1,801	666	434	701	215	678
Sep., 2000	305	1,713	642	412	659	199	639
Dec., 2000	290	1,590	589	390	611	188	593
Mar., 2001	267	1,476	540	361	575	172	556
Jun., 2001	260	1,507	544	383	580	178	562
Sep., 2001	247	1,485	544	370	571	171	552
Dec., 2001	235	1,406	506	351	549	163	532
Mar., 2002	227	1,371	499	328	544	149	525
Jun., 2002	224	1,448	558	324	566	146	546
Sep., 2002	218	1,461	557	335	569	144	546
Dec., 2002	212	1,410	521	335	554	146	532
Mar., 2003	191	1,337	484	325	528	141	504
Jun., 2003	190	1,423	529	349	545	152	521
Sep., 2003	189	1,464	551	355	558	156	533
Dec., 2003	188	1,480	546	366	568	157	543
Mar., 2004	189	1,521	536	389	596	163	569
Jun., 2004	189	1,627	586	409	632	172	600
Sep., 2004	189	1,667	602	416	649	176	617
Dec., 2004	189	1,666	609	409	648	177	617
Mar., 2005	191	1,654	603	397	654	184	622
Jun., 2005	192	1,757	646	427	684	192	647
Sep., 2005	193	1,825	671	448	706	198	670
Dec., 2005	192	1,819	657	452	710	203	675
Mar., 2006	192	1,836	640	463	733	212	695
Jun., 2006	192	1,959	702	481	776	217	732
Sep., 2006	191	2,021	722	491	808	216	755
Dec., 2006	190	2,020	707	498	815	218	762
Mar., 2007	190	2,043	699	508	836	227	777
Jun., 2007	191	2,179	762	536	881	235	816

Source: National Agricultural Products Quality Management Service
Note: Total animal numbers may not add up, due to rounding.

Korea: Hanwoo Cattle – Cow/Calf Ratio

(1,000 Head)

Month/Year	Calf (Under 1 year)	Cow (Over 1 year)	Ratio (%)
Sep., 1997	1,191	1,423	83.7
Dec., 1997	1,102	1,357	81.2
Mar., 1998	1,043	1,418	73.6
Jun., 1998	1,058	1,387	76.3
Sep., 1998	1,015	1,319	77.0
Dec., 1998	895	1,209	74.0
Mar., 1999	812	1,138	71.4
Jun., 1999	801	1,114	71.9
Sep., 1999	758	1,066	71.1
Dec., 1999	717	982	73.0
Mar., 2000	646	929	69.5
Jun., 2000	666	893	74.6
Sep., 2000	642	838	76.6
Dec., 2000	589	781	75.4
Mar., 2001	540	728	74.2
Jun., 2001	544	740	73.5
Sep., 2001	544	723	75.2
Dec., 2001	506	695	72.8
Mar., 2002	499	674	74.0
Jun., 2002	558	692	80.6
Sep., 2002	557	690	80.7
Dec., 2002	521	678	76.8
Mar., 2003	484	645	75.0
Jun., 2003	529	673	78.6
Sep., 2003	551	689	80.0
Dec., 2003	546	700	78.0
Mar., 2004	536	732	73.2
Jun., 2004	586	772	75.9
Sep., 2004	602	793	75.9
Dec., 2004	609	794	76.7
Mar., 2005	603	806	74.8
Jun., 2005	646	839	77.0
Sep., 2005	671	868	77.3
Dec., 2005	657	878	74.8
Mar., 2006	640	907	70.6
Jun., 2006	702	949	74.0
Sep., 2006	722	971	74.4
Dec., 2006	707	980	72.1
Mar., 2007	699	1,004	69.6
Jun., 2007	762	1,051	72.5

Source: National Agricultural Products Quality Management Service

Korea: Cattle/Beef Tariff Table for CY2007

(N: In-quota / M: Out-of-quota)

Tariff Number	Product Description	WTO Bound Rate	Current Applied Rate	Other Information
0102.10.1000	Pure-bred breeding milk cow	N: 0 M: 89.1%	N: 0 M: 89.1%	Total in-quota amounts for these three HS numbers are 1,067 heads.
0102.10.2000	Pure-bred breeding beef cattle	N: 0 M: 89.1%	N: 0 M: 89.1%	
0102.10.9000	Pure-bred breeding - other	N: 0 M: 89.1%	N: 0 M: 89.1%	
0102.90.1000	Other milk cow	40.0%	40.0%	Import was liberalized on Jan. 1, 2001.
0102.90.2000	Other beef cattle	40.0%	40.0%	
0102.90.9000	Other	0	0	
0201.00.0000	Beef (fresh or chilled)			
0201.10.0000	Carcass and half-carcass	40.0%	40.0%	Import was liberalized on Jan. 1, 2001.
0201.20.0000	Other cuts with bone-in	40.0%	40.0%	
0201.30.0000	Boneless	40.0%	40.0%	
0202.00.0000	Beef (Frozen)			
0202.10.0000	Carcass and half-carcass	40.0%	40.0%	Import was liberalized on Jan. 1, 2001.
0202.20.0000	Other cuts with bone-in	40.0%	40.0%	
0202.30.0000	Boneless	40.0%	40.0%	
0206.10.0000	Beef offal (fresh or chilled)	18.0%	18.0%	
0206.20.0000	Beef offal (frozen)			
0206.21.0000	Tongues	18.0%	18.0%	
0206.22.0000	Livers	18.0%	18.0%	
0206.29.0000	Other			
0206.29.1000	Tails	18.0%	18.0%	
0206.29.2000	Feet	18.0%	18.0%	
0206.29.9000	Other	18.0%	18.0%	
0210.20.0000	Meat and edible meat offal of bovine animals, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal of bovine animals.			
0210.20.1000	Dried or smoked	27.0%	27.0%	
0210.20.9000	Other	27.0%	27.0%	
1602.50.0000	Other prepared or preserved meat, meat offal or blood, of bovine animals			
1602.50.1000	In airtight containers	72.0%	72.0%	
1602.50.9000	Other	72.0%	72.0%	

Source: Korea Customs and Trade Institute
N: in-quota rate; M: out-of-quota rate

SECTION III. SWINE AND PORK SITUATION

Imports of pork and pork products in 2008 are expected to decrease by about 50,000 tons in 2008. Increase in beef imports and consumption will drive the drop in pork imports.

A. Production

Since the ban on U.S. beef in 2003, domestic and imported pork suppliers have enjoyed a prosperous market with relatively little competition. Total swine stock numbers increased to capture the increase in demand for pork. Despite the problems with the import health protocol, U.S. beef imports have been increasing, causing swine prices to decline. Among swine producers, it is widely anticipated that U.S. beef imports will continue to grow and in response it is expected that they will sell more stock. According to one survey, producers plan to increase their slaughter sales by seven percent over the July 2007 level. Given that the slaughter level of swine during the first seven months of 2007 is already seven percent higher than the same period in 2006, total 2007 slaughter is projected to increase significantly. As U.S. beef imports continue to increase in 2008, we could see this increased slaughter trend continue.

Factors that will have an impact on the producer's decision are reflected in a survey conducted by the Korean Rural Economic Institute (KREI) in August 2007. KREI asked 288 farmers what factor would have the highest impact on domestic pork and 30.6 percent said the import of U.S. short-rib beef. Other responses were ratification of the FTA (30.2 percent), increased feed prices (18.4 percent), swine diseases (11.1 percent), swine manure treatment (8.7 percent), and others (1.0 percent). Although this survey indicates that producers are most concerned with imports of U.S. beef, we predict that increased feed prices as a result of biofuel production will have a greater impact in the future.

In the absence of a new health protocol for U.S. bone-in beef and the FTA ratification, pork production numbers reflect producer's current practice of gradually reducing their inventory levels. The increase in 2008 pork production is the result of increased slaughter levels.

B. Consumption

As beef prices soared after the December 2003 ban on U.S. beef, consumers shifted to pork consumption. However it is expected that consumers will decrease their consumption of pork in the future. In order to promote domestic pork consumption, the Korea swine industry has been aggressively advertising pork through funds raised by the pork check-off program. The Korea Swine Association plans to collect 5.2 billion won this year and the Korean government will provide an additional 5 billion won worth of support. Out of these funds, the Korean swine industry will conduct promotions and provide educational information to consumers.

C. Trade

Pork imports have continued to increase to capture the demand for pork in the past few years; however, it is forecast that imports will drop from 400,000 tons to 350,000 tons to reflect decreased demand. The United States is the largest supplier of frozen Boston butt, pork ribs, and chilled pork bellies. Belgium was the largest supplier of frozen pork bellies. Chilled pork accounted for only 3.4 percent of total pork imports in 2006. The portion of chilled pork imports during the first seven months of 2007 increased to 5.6 percent.

D. Policy

Aside from providing supplemental support to the pork check-off program, the Korean government is providing additional support to pork producers as follows:

1. Manure Treatment: The Ministry of Agriculture and Forestry (MAF) is planning to support a joint manure treatment study in order to ban the disposal of livestock manure in the ocean by 2012. The total amount of manure that was discarded in the ocean in 2006 was 2,607,000 tons. MAF plans to reduce this amount by 500,000 tons every year up to 2011. In order to fulfill this goal, it will provide annual support of over 60 billion won for constructing joint livestock manure treatment facilities. Through such support, it plans to construct a total of 70 manure treatment facilities by 2011.

2. Antibiotic Free Pork: The government is implementing strict new regulations for recognizing antibiotic free pork. This program is still in its initial stage and out of a total of 78 cases of antibiotic free certifications; three cases were of swine farms. As consumers continue to be health-conscious, the demand for these types of meats will increase. However, this regulation is so strict that the U.S. industry will have difficulty complying with these regulations. The U.S. government is working with the Korean government to address this problem.

3. Insurance: On June 2007, the Korean government approved a civilian company to sell insurance policies for livestock farmers. Cattle, swine, horse, poultry and barns are eligible for this insurance program. The government has budgeted a total of 34.6 billion won in 2007 to provide support to farmers that wish to purchase the insurance. Through this budget, it will provide 50 percent of the cost for purchasing the insurance policy and have the farmers pay for the remaining costs.

SECTION IV. STATISTICAL TABLES FOR SWINE AND PORK

PS&D for Swine

PSD Table									
Country	Korea, Republic of								
Commodity	Animal Numbers, Swine					(1000 HEAD)(PERCENT)			
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Total Beginning Stocks	8098	8098	8098	8382	8382	8518	8400	8400	8554
Sow Beginning Stocks	966	966	966	1012	1012	1012	0	0	1000
Production (Pig Crop)	13807	13807	13943	14346	14346	14564	0	0	14445
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	2	2	2	2	2	2	0	0	1
Total Imports	2	2	2	2	2	2	0	0	1
Total Supply	21907	21907	22043	22730	22730	23084	8400	8400	23000
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	13003	13003	13003	13800	13800	14000	0	0	14200
Total Slaughter	13003	13003	13003	13800	13800	14000	0	0	14200
Loss	522	522	522	530	530	530	0	0	500
Ending Inventories	8382	8382	8518	8400	8400	8554	0	0	8300
Total Distribution	21907	21907	22043	22730	22730	23084	0	0	23000
CY Imp. from U.S.	1	1	1	1	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0

PS&D for Pork

PSD Table									
Country	Korea, Republic of								
Commodity	Meat, Swine						(1000 HEAD)(1000 MT CWE)(		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Slaughter (Reference)	13003	13003	13003	13800	13800	14000	0	0	14200
Beginning Stocks	237	237	237	213	213	213	188	188	188
Production	1000	1000	1000	1040	1040	1040	0	0	1045
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	390	388	388	400	400	400	0	0	350
Total Imports	390	388	388	400	400	400	0	0	350
Total Supply	1627	1625	1625	1653	1653	1653	188	188	1583
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	12	12	12	15	15	15	0	0	15
Total Exports	12	12	12	15	15	15	0	0	15
Human Dom. Consumpti	1402	1400	1400	1450	1450	1450	0	0	1400
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumptior	1402	1400	1400	1450	1450	1450	0	0	1400
Ending Stocks	213	213	213	188	188	188	0	0	168
Total Distribution	1627	1625	1625	1653	1653	1653	0	0	1583
CY Imp. from U.S.	60	102	102	120	120	120	0	0	97
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0

Korea: Pork Imports (Annual 2006, First Seven Months of 2006 and 2007)

(Unit: MT & $000)

Country	Annual 2006		Jan. – Jul., 2006		Jan. – Jul., 2007	
	Volume	Value	Volume	Value	Volume	Value
U.S.A.	82,967	180,654	49,207	104,955	54,237	131,623
Canada	62,439	102,398	34,437	54,652	37,236	66,804
Chile	30,773	82,041	16,223	41,872	23,614	64,588
Denmark	19,497	42,235	11,522	24,249	12,743	32,129
Belgium	20,214	63,015	12,219	36,496	11,247	38,796
France	21,345	72,200	12,629	40,637	13,880	48,563
Netherlands	11,621	38,931	6,850	22,012	7,706	28,699
Hungary	12,335	34,556	5,830	15,989	6,060	19,210
Austria	12,517	38,056	7,018	19,955	8,160	29,363
Poland	12,289	32,091	6,293	15,695	8,057	21,083
Spain	14,482	32,892	8,212	18,077	11,995	30,771
Sweden	1,061	1,443	727	1,012	704	872
Finland	2,287	5,911	1,339	3,395	1,753	5,279
Australia	2,049	4,185	1,327	2,635	704	1,340
Mexico	1,333	3,744	727	1,881	1,178	4,124
United Kingdom	3,255	5,491	1,883	3,045	1,767	3,657
Other	773	1,515	462	876	635	1,885
TOTAL	311,237	741,358	176,905	407,433	201,676	528,786

Source: Korea Customs Service
Product Weight Equivalent (HS Code: 0203)

Korea: Processed Pork Imports (Annual 2006, First Seven Months of 2006 and 2007)

(Unit: (MT & $000)

Country	Annual 2006		Jan. – Jul., 2006		Jan. – Jul., 2007	
	Volume	Value	Volume	Value	Volume	Value
U.S.A.	674	3,672	352	1,914	503	2,868
PRC	257	406	107	178	36	72
Italy	0	0	0	0	12	253
Spain	7	115	4	65	4	87
Australia	15	121	12	88	2	44
Poland	1	2	1	2	0	0
Canada	1	8	0	0	0	0
Other	16	79	5	34	3	5
TOTAL	971	4,403	481	2,281	560	3,329

Source: Korea Customs Service
Product Weight Equivalent (HS 0210.1, 1602.41, 1602.42)

Korea: Processed Pork Exports (Annual 2006, First Seven Months of 2006 and 2007)

(Unit: MT & $000)

Country	Annual 2006		Jan. – Jul., 2006		Jan. – Jul., 2007	
	Volume	Value	Volume	Value	Volume	Value
U.S.A.	0	0	0	0	0	0
Iraq	0	0	0	0	37	100
PRC	12	419	7	231	8	313
Japan	6	49	2	17	2	18
Indonesia	0	0	0	0	2	7
Australia	0	0	0	0	1	7
New Zealand	3	22	0	0	1	5
Hong Kong	15	38	1	3	1	4
Kazak	1	49	1	23	0	0
Others	1	13	1	8	3	17
TOTAL	38	590	12	282	55	471

Source: Korea Customs Service
Product Weight Equivalent (HS 0210.1, 1602.41, 1602.42)

Korea: Pork Exports (Annual 2006, First Seven Months of 2006 and 2007)

(Unit: MT & $000)

Country	Annual 2006		Jan. – Jul., 2006		Jan. – Jul., 2007	
	Volume	Value	Volume	Value	Volume	Value
U.S.A.	0	0	0	0	0	0
Philippines	4,115	2,703	2,388	1,532	2,401	1,601
Vietnam	0	0	0	0	313	107
Hong Kong	0	0	0	0	231	79
Thailand	1,719	1,303	1,247	949	156	119
Spain	0	0	0	0	44	156
Russia	3,748	14,308	1,641	6,013	7	32
Japan	0	0	0	0	4	45
Turkey	102	601	76	449	0	0
Other	18	19	0	0	0	0
Total	9,702	18,934	5,352	8,943	3,156	2,139

Source: Korea Customs Service
Product Weight Equivalent (HS 0203)

Korea: Swine Slaughter Trend

(Heads slaughtered)

Month	2005	2006	2007
January	1,204,480	1,097,161	1,184,987
February	1,021,101	1,028,827	1,047,452
March	1,206,810	1,168,568	1,160,290
April	1,150,498	1,048,863	1,122,314
May	1,060,529	1,053,980	1,163,446
June	1,025,568	965,178	1,050,478
July	980,309	912,035	1,059,486
August	1,125,131	1,069,813	
September	1,099,372	1,177,298	
October	1,161,294	1,088,255	
November	1,250,229	1,234,869	
December	1,179,126	1,157,704	
TOTAL	13,464,447	13,003,286	7,788,454

Ministry of Agriculture & Forestry

Korea: Live Swine Prices

(Won per head, Exchange rate is US$1=920 won)

Annual Live Swine Prices		
Year	Piglet	Swine (100 Kg)
1995	49,000	155,000
1996	48,000	171,000
1997	53,000	171,000
1998	50,000	179,000
1999	59,000	199,000
2000	54,000	166,000
2001	55,000	174,000
2002	59,000	178,000
2003	53,000	164,000
2004	64,000	235,000
2005	92,000	253,000
2006	94,000	248,000

Monthly Live Swine Prices				
Month / Year	Piglet		Swine (100 Kg)	
	2006	2007	2006	2007
January	94,000	90,000	254,000	226,000
February	94,000	90,000	246,000	221,000
March	95,000	90,000	238,000	213,000
April	95,000	89,000	244,000	218,000
May	97,000	89,000	291,000	226,000
June	100,000	87,000	316,000	259,000
July	99,000	86,000	275,000	243,000
August	96,000	84,000	249,000	228,000
September	94,000		233,000	
October	87,000		185,000	
November	86,000		205,000	
December	89,000		233,000	

Source: Ministry of Agriculture & Forestry
National Agricultural Cooperatives Federation

Korea: Swine/Pork Tariff Table for CY2007

Tariff Number	Product Description	WTO Bound Rate	Current Applied Rate	Other Information
0103.10.0000	Pure-bred breeding swine	N: 0 M: 18.0%	N: 0 M: 18.0%	In-quota amount is 1,850 heads.
0103.90.0000	Other swine			
0103.91.0000	Weighing, less than 50 Kg.	18.0%	18.0%	
0103.92.0000	Weighing, 50 Kg. or more	18.0%	18.0%	
0203.10.0000	Pork (Fresh or chilled)			
0203.11.0000	Carcass and half-carcass	22.5%	22.5%	
0203.12.0000	Hams, shoulder and cuts, with bone-in	22.5%	22.5%	
0203.19.1000	Belly	22.5%	22.5%	
0203.19.9000	Others	22.5%	22.5%	
0203.20.0000	Pork (Frozen)			
0203.21.0000	Carcass and half-carcass	25.0%	25.0%	
0203.22.0000	Hams, shoulder and cuts, with bone-in	25.0%	25.0%	
0203.29.1000	Belly	25.0%	25.0%	
0203.29.9000	Others	25.0%	25.0%	
0206.30.0000	Pork offal (Fresh or chilled)	18.0%	18.0%	
0206.40.0000	Pork offal (Frozen)			
0206.41.0000	Liver	18.0%	18.0%	
0206.49.1000	Feet	18.0%	18.0%	
0206.49.9000	Others	18.0%	18.0%	
0206.80.0000	Other offal (Fresh /chilled)	18.0%	18.0%	
0206.90.0000	Other offal (Frozen)	18.0%	18.0%	
0210.10.0000	Meat & edible meat offal of swine, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal of swine			
0210.11.0000	Hams, shoulders and cuts thereof, with bone-in	25.0%	25.0%	
0210.12.0000	Bellies (streaky) and cuts thereof	31.5%	31.5%	
0210.19.0000	Other	25.0%	25.0%	
1602.40.0000	Other prepared or preserved meat, meat offal or blood, of swine			
1602.41.1000	Hams and cuts thereof in airtight containers	54.0%	54.0%	
1602.41.9000	Hams and cuts thereof, other	27.0%	27.0%	
1602.42.1000	Shoulders and cuts thereof in airtight containers	54.0%	54.0%	
1602.42.9000	Shoulders and cuts thereof, other	27.0%	27.0%	

Source: Korea Customs and Trade Institute
N: in-quota rate; M: out-of-quota rate.

SECTION V. APPENDIX

Table 1: Key 55 residues for which U.S. Beef is Tested

? Antibiotics Unit: mg/ kg

Name	MRL for beef
1. Gentamicin	0.1
2. Neomycin	0.5
3. Novobiocin	1.0
4. Monensin	0.05
5. Bacitracin	0.5
6. Salinomycin	0
7. Dihydrostreptomycin / Streptomicin	0.5
8. Spiramycin	0.2
9.Amoxicillin	0.01
10.Ampicillin	0.01
11.Erythromycin	0.1
12.Oxytetracycline	0.1
13.Chloramphenicol	0
14.Chlortetracycline	0.1
15.Tetracycline	0.25
16.Tylosin	0.2
17.Benzylpenicillin	0.05
18.Ceftiofur	1.0
19.Spectinomycin	0.5
20.Tilmicosin	0.1

? Synthetic antibacterial drugs Unit : mg/kg

Name	MRL for beef
1. Sulfadimethoxine	0.1
2. Sulfamerazine	0.1
3. Sulfamethazine	0.1
4. Sulfamonomethoxine	0.1
5. Sulfaquinoxaline	0.1
6. Albendazol	0.1
7. Thiabendazole	0.1
8. Enrofloxacin	0.1
9. Danofloxacin	0.2
10. DES(Diethylstillbestrol)	0
11. Zeranol	0.002
12. Dioxin	5pg/g fat
13-15. Febantel/Fenbendazole/Oxfendazole	0.1

? Agrichemicals Unit : mg/kg

Name	MRL for beef
1. ?-BHC	2.0
2. Deltamethrin	0.5
3. …(DDT):including DDD,OP'& PP'-DDT	5.0
4. Dimethipin	0.02
5. Cypermethrin	0.2
6. Aldrin & Dieldrin	0.2
7. Ethion	2.5
8. Endosulfan	0.1
9. Endrin	0.1
10. Chinomethionate	0.05
11. Chlordane	0.05
12. Chlorfenvinphos	0.2

13. Chlorpyrifos	2.0
14. Chlorphrifos- methyl	0.05
15. Triadimefon	0.1
16. Permethrin	1.0
17. Fenitrothion	0.05
18. Fenvalerate	1.0
19. Propiconazole	0.05
20. Heptachlor	0.2